

From. Sen. Schweitzer

Response to testimony by the Michigan Association of Insurance Agents re: SB 706

This is their main argument:

Although it is not specific to seniors and certainly doesn't carry the detail SB 706 does, the current code regarding unfair trade practices covers what the bill's language is attempting to address. MCL 500.2007 reads:

"The following are defined as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio station, or in any other way, an advertisement, announcement or statement containing any assertion, representation or statement with respect to the business of insurance or with respect to any person in the conduct of his insurance business, which is untrue, deceptive or misleading."

So it is already illegal to use designations that are deceptive and misleading.

Response:

However, there is no specific language in the code that makes it clear that a person cannot use any designation indicating that they have special knowledge, training or expertise in senior or financial matters unless they meet the terms in the bill. For example, a person could say they specialize in senior financial matters, which may be true and therefore not a violation of MCL 500.2007. But, they may not have the training required by SB 706. So, this legislation spells out the qualifications necessary to hold oneself out as a senior specialist.

Other argument by MAIA:

To add yet more exhaustive detail for compliance as to what SB 706 does adds to the possibility of confusion among law abiding producers and subjects them to even more scrutiny by regulators without corresponding complaints that this is a problem. If a producer is using deceptive designations currently, will this law stop them from doing so in the future? And to top it off, the bill exempts government regulators.

Response:

This legislation clarifies the rules that producers must follow if they wish to hold themselves out as a senior specialist. We view this as expanding on the framework already in the code. Once this NAIC model is law, couldn't MAIA offer services to their members who wish to become senior specialists by offering this training?

Questions to ask Scott Hummel, representing the Insurance Agents on SB 706

1. When this NAIC Model was being worked on, did your national organization or any other agent's organization have any involvement in that process?
(NAIC stands for National Association of Insurance Commissioners)
2. I have heard that NAIFA and other agents groups worked closely in the NAIC process and are very supportive of this model. Is that not true?
(NAIFA is the National Association of Insurance and Financial Advisors)
3. Does your national organization have a position on this model?
4. If an agent today believes he or she has experience in senior matters, could they hold themselves out as a senior specialist in their advertising? Could they do so with no special training? And, arguably, that would not be a violation of section 500.2007? In other words, all this bill does is set forth the training and experience that a producer would need in order to hold themselves out as a senior specialist. Today, it's a matter of opinion and not necessarily untrue if someone claims this status if there are no standards in the law. Isn't that all we are doing in SB 706? Creating standards?
5. You have indicated that the complaint records at OFIR do not indicate that there is a problem in this area. But, wouldn't you agree that good legislation could be proactive and prevent problems before they arise?